Understanding Hyper-growth International Entrepreneurship: Location Advantage, International Entrepreneurship and Strategic Management'

Understanding hyper-growth international entrepreneurial firms: an exploration of conceptual tools

ABSTRACT

This paper explores the theoretical frameworks that might help us understand young, large, multinational entrepreneurial firms. We start with an ethnographic study of one firm and follow this with case studies of nine further firms, all from the Middle East and North African region. International entrepreneurship and the location advantage of Dunning's OLI framework helped understanding, but strategic management especially the concepts of strategic entrepreneurship, were also fundamental. These link the background characteristics of international entrepreneurs with the strategic advantages of location that MNEs seek, by showing the strategic orientations and actions that lead to their extraordinary international business performance.

KEYWORDS:

International Entrepreneurship

Resource-Based View

Theory of FDI and the MNE (Ownership-Location-Internalization)

Strategy and Business Strategy: Internationalization

Evaluation of Current Theories

Integration of Pre-Existing Theoretical Approaches

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INTRODUCTION

As different types of international businesses have become evident in the world, different conceptualisations and frameworks have evolved in international business research to try to understand them. Increasing and varying patterns of world trade led to trade theories, the growth of large multinationals led to the OLI framework (Dunning, 1988; 1993; 1995; 1996; 1997) and to the use of transaction cost theory to examine organisational forms and location (Buckley and Casson, 1976). Internationalisation process theories have examined the time and location dynamics of internationalisation (Johanson and Vahlne, 1977), and more recently, international entrepreneurship has evolved as a major theme in response to the observation of young and entrepreneurial, though invariably small, international enterprises (Oviatt and McDougall, 2005).

Here we are beginning to analyse a rarely examined form of international business – large multinational enterprises that are entrepreneurially led, new, and which have achieved such spectacular, rapid and recent growth that they can be characterised only as 'hyper-growth'. As a starting point we will take these to be firms with at least $1bn annual turnover, that are young, having achieved this within 10 years of, operating in more than 5 countries and across more than one of the world's regions. Companies such as Rupert Murdoch's News Corporation and Bill Gates' Microsoft are well known, but it is now only possible to examine these in hindsight, and they seem rare. But they are not rare: these companies are rarely western, and almost never very public. They are invariably privately owned, and their ownership is often discrete, even hidden. Often, their home territories are inaccessible because of geography (such as Iceland or Singapore), often combined with language and cultural barriers (South-East Asia, Russia, the Middle East).

We start here to explore theoretical frameworks and models that would help us to understand the international business choices made by these businesses in their rapid growth. Can other conceptual approaches be mixed with traditional international business approaches to meet this challenge? We will start with two that have overt relevance. Our particular type of firm is entrepreneurial and international so the first of these is that of international entrepreneurship (Oviatt and McDougall, 2005). Since they are also multinational enterprises with operations around the world that change their domicile and base of operations, the second is the classical international business research into location advantage (Dunning, 2009).

Our pilot ethnographic study of one of the best known firms from the region, and of further nine case studies of entrepreneurial leaders of international firms finds that strategic management research makes an essential contribution. Of particular value in understanding the success of these firms are notions from the resource based view of the firm (Barney 1991; Wernerfelt 1984) and its recent development into what has been called ‘strategic entrepreneurship’ (Kuratko and Audretsch, 2009). Conclusions are then drawn concerning some characteristic features of hyper-growth multinational entrepreneurial firms; the theoretical models that can help us understand the phenomena, and future directions for research on the subject.

INTERNATIONAL ENTREPRENEURSHIP

First coined by Morrow (1988) the term ‘international entrepreneurship’ (IE) was formalised by McDougall (1989) who defined it as ‘the development of international new ventures or start-ups that, from their inception, engage in international business.’ Since then, the notion has widened from an early emphasis on ‘born global’ or ‘born international’ firms; overall, the field tries to explain how early and rapid internationalisation of new ventures is possible (Autio 2005).

So Oviatt and McDougall (2005) have more recently redefined their notion of international entrepreneurship as ‘the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services’. Further, they have presented a model of how the speed of entrepreneurial internationalization is influenced by a number of forces. International entrepreneurship begins with an entrepreneurial opportunity, but then is fostered or hindered by a number of forces that collectively determine the speed of internationalization. Improvements and developments in technology fosters international entrepreneurship by presenting new opportunities. New digital technologies have made high quality and rapid communication feasible in every country in the world and reduced the cost of transportation and communication, enabling rapid internationalization of many entrepreneurial opportunities (Oviatt and McDougall, 2005). Competition can motivate internationalization, when entrepreneurs take pre-emptive rapid internationalization, fearing exclusion from international markets by larger established competitors if they initially compete only in their home country (McDougall et al., 1994; Oviatt and McDougall, 1995).

But there are mediating and moderating forces as well. The entrepreneurial actor perceives opportunities, and threats that they face, through the lens of their personal knowledge and experience and their psychological traits and orientations to, for example, risk (Oviatt et al., 2004). These perceptions mediate the way that the internationalization takes place through the entrepreneur’s decision making. The knowledge available to them, and the networks of relationships that they have also act to moderate the nature and extent of their internationalization, and the re are Environmental and industry conditions, that affect the speed of international involvement.

While Oviatt et al. (2004) see all these influences to be mediated by the perceptions and decision making approach of the entrepreneurial actors, Zahra & George (2002) portray the mechanism slightly differently. For them, organizational factors, which include the characteristics of the entrepreneurial actors, directly influence international entrepreneurial behaviour, but moderated by environmental and strategic factors. Notwithstanding these differences, this overall perspective sees international entrepreneurship to be entrepreneurial behaviour that is moderated by the individual characteristics of an entrepreneur in combination with a range of environmental factors within the location of their activity.

So the focus of this stream of research is in understanding who it is that develops new ventures internationally, and how they do it, but not where, or why they may be successful. The research recognises the importance of location advantages but in not such a specific way as the OLI theory that has seen this as a main element, so we will turn to this next. Further, while international entrepreneurship research notes the centrality of unique resources, it is not specific concerning what these are (other than 'knowledge and networks') not how they work. This has been the focus of strategic management research for many years, particularly the resource based view of the firm, to which we will turn thereafter.

LOCATION ADVANTAGE

The main focus of OLI research has been to understand FDI flows, in volume and direction rather than understand the behavior of particular types of firms. Further, issues of location advantage have rarely considered in empirical research of of international entrepreneurs, whose development are invariably typified as following from the home territories and follow the networks and network relationships of the founders. Here, however, we are examining large (if new) multinational enterprises, for which the issue of location advantage is well recognized to be highly relevant to the direction and scale of growth of these businesses. Arguing that location (L) advantage to be a neglected factor in international business research, Dunning (2009) notes how

> .. a greater appreciation both of the changing locational requirements of mobile investments, and of how, in the case of those markets partnership with firms either to improve markets (i.e., by a 'voice' strategy), or to replace these markets (by an 'exit' strategy). With the growing importance of knowledge-related infrastructure, and accepting the idea of sub-national spatial units as nexus of untraded interdependencies (Storper, 1995), this presents both new challenges and opportunities to both national and regional governments in their macro-organizational and competitive enhancing policies.

He identified variables that appeared to influence the location of value added activities of MNEs from the 1970s to the 1990s, according to whether the firms are seeking resources, strategic assets, markets or efficiencies. Firms seeking resources are interested in the availability of local partners, the local promotion of knowledge and the availability of capital-intensive resources to exploit. Those seeking strategic assets are interested in ways of accessing different cultures, institutions and systems whether it be through direct investement or through engagement with local firms.

But it would initially seem to be market seeking and efficiency seeking variables that would influence the locational development of young high-growth businesses, because these would still be exploiting rather than (at least yet) seeking resources or strategic assets. Market seeking firms are keen on high quality local infrastructure, and good local institutional competence that will help them do work, with favourable economic policies being pursued by host governments. Efficiency seeking firms avoid obstacles to local working, and local competitiveness to be encouraged with the upgrading of personnel skills with appropriate educational and training programmes. These investing firms look to pursue new initiatives, helped by there being an entrepreneurial environment and one that encourages cooperation within and between firms. Here, specialized spatial clusters (e.g. in science and industrial parks) can help foster co-operation and, more generally, make specialized factor inputs to be available.

STRATEGIC MANAGEMENT: RESOURCES, NETWORKS AND LEADERSHIP

Based on the precepts of 'Austrian' economics, going through the work of Schumpeter (1942) and Penrose (1959) (Hill and Deeds, 1996; Rugman and Verbeke, 2002), the resource-based view (RBV) of the firm has evolved over the past quarter century now to be the predominant paradigm of strategic management research. It is concerned with firm's unique tangible and intangible resources (Wernerfelt, 1984) in which competitive advantage arises from the development of unique, organization-specific configurations of resources (Collis, 1991; Grant, 1991). The RBV has been argued to provide a better representation of the actual strategy approaches of successful entrepreneurial firms, in comparison with approaches to strategy based on the analysis of markets, competition and competitors (Jenkins and Johnson, 1997). So strategic management involves accessing unique and appropriate combinations of resources, and configuring and using them in unique ways (Peteraf, 1993; Collis and Montgomery, 1995).

The resource-based view has always emphasized two important characteristics of strategic resources: uniqueness and unreplicability. Tangible 'hard' resources such as finance and physical capital are rarely either, so intangible 'soft' resources are normally seen to be the key areas for gaining strategic advantage. There appear to be three broad types of these within firms: knowledge, networks and processes. It is in the very difficulty of developing these intangible 'soft resources', that are difficult to exchange, copy or purchase, that strategic advantage resides (Hall, 1992). Most research has focused on knowledge, within which it is not codified 'facts' that are as important as tacit knowledge, and understandings concerning how to do things in different circumstances and contexts.

The second are the key internal and external personal and business relationships that can be within the firms or in relations with other firms, such as within business networks. Strategic management and international business research has been concerned with relational resources and its development and use both within firms (e.g. Blyer and Coff, 2003) and between firms (e.g. Koka and Prescott, 2002), in network relationships. Internationalization and international market development has long been recognized as being associated with the network of firms, and the relational resources that reside within them (e.g. Ford et al, 2003;). These relationships can be, particularly for the young internationalizing firm, some of the most valuable resources of all (Harris and Wheeler, 2005).

This leads to the third broad area, the management processes that enables knowledge to be developed and shared between people inside and outside the firm so that new business opportunities can be developed and favorable outcomes achieved. Here, a recent stream of strategic management has been concerned with the management and performance of entrepreneurial firms (Kuratko and Audretsch 2009). 'Strategic entrepreneurship' research attempts to combine strategic management's focus on the extent that firms establish and exploit competitive advantages within a particular environmental context, with entrepreneurship research's examining of how competitive advantages are gained through product, process, and market innovations.

This entrepreneurial and strategic leadership sees growth firms adapting their behaviours and exploiting opportunities (Kuratko & Audretsch 2009). Entrepreneurship's dominant logic (Morris et al., 2008) is in its promotion of agility, flexibility, creativity, and continuous innovation. It can be reflected in strategic renewal, sustained regeneration, domain redefinition, organizational rejuvenation, and business model reconstruction (Covin & Miles 1999). Highly entrepreneurial strategy is not obvious: discovering unique positions in the marketplace is difficult, as is breaking away from established ways doing things. So entrepreneurial strategies appear risky, especially when first implemented (Kuratko 2009).

So we are concerned now with the management and leadership of the firm; entrepreneurial leadership can be defined as the entrepreneur's ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization (Kuratko 2007). As Wright (2009) notes:

> Strategic Entrepreneurship has been defined as involving the identification and exploitation of opportunities, while simultaneously creating and sustaining a competitive advantage. Idiosyncratic knowledge of management and entrepreneurs represents a key resource for firms, especially for opportunity recognition. The nature of compensation for management poses important issues for strategic entrepreneurship since it can influence their time horizons and hence their strategic behaviour.

If these leadership processes are difficult for competitors to understand (and therefore to imitate), therefore, they can become a unique intangible asset then the firm can create a sustainable competitive advantage (Kuratko 2009).

METHODS

This study employs a multiple case study approach to explore the relevance and usefulness of the conceptual frameworks outlined above to an understanding of the approach to international business of a type of firm that has not hitherto been the subject o systematic study. This approach, formalised by Eisenhardt (1989) and Yin (2003), is a particularly appropriate way to explore possible relationships between concepts within complex empirical settings. We will call these firms hyper-growth entrepreneurial MNEs, which we define to be founder-owned multinational enterprises that achieve at least $US 10bn within 10 years of their foundation.

We will study firms originating from one region, Middle-East and North Africa (MENA), because there appears to be many companies of this type originating from this region, with many of its economies having developed very rapidly in recent years. Some of the countries of this region are part of the Next 11 emerging markets (Goldman Sacks Report 2006) It is, however, a highly diverse region in terms of political and institutional frameworks, cultures, natural endowments and economic performances.

The overall approach reflected the need to see if or how conceptual frameworks developed within more mature, non-entrepreneurial western firms might operate within these very different settings. So the work began with an ethnographic study (Gill and Johnson, 1997). A well-known MENA firm, Orascom Telecom, was chosen whose founder supported the study. Founded in 1998, this MNE is now among the largest network operators operating in the world, with 82 million subscribers, a world market share of approximately 22 per cent, and turnover of $US 4.7bn. This opened up the focus of study to a point where a multiple case analysis, involving interview and archival data, could then explore the notions to a point of data saturation, and to give the assurance that theoretical generalisation was possible to an extent that propositions for further research could be made (Silverman, 1993).

Figure 1 shows the eight detailed stages of the research, but these themselves responded to the unfolding outcomes of the exploratory research process. The number of cases examined, for example, was determined by an assessment of data saturation; in practice, this was assessed to have taken place after nine firms were researched. Further, it was only at stage VI that the explanatory inadequacies of the international entrepreneurship and location advantage frameworks became clearly identified, and at which the search for alternative perspectives resulted in the usefulness of specific notions from within strategic management.

Stage I: Ethnographic study within Orascom Telecom

This stage drew on the conduct of ethnographic studies in the field of International Entrepreneurship (Sharpe 1998). It began with a series of 60 to 180 minute interviews over several months with the firm’s founder, which was followed with 60 to 120 minute interviews with a further 12 managers. Both publicly available archival data (from listing documents, annual reports, press releases etc) and internal management documents were then subjected to historical analysis, mainly for the purposes of data triangulation, beyond that achieved from the multiple interviews (Sharpe 2004).

FIGURE 1 ABOUT HERE

Then, based on the ethnographic approach of ‘naturalistic modes of inquiry’ (Gill and Johnson 1997, p.96), an extended phase of participant observation. It was evident from the interviews and archival analysis that the Training and development Department was a key part of the organization; it was where all overseas, branch and department managers receive continuous, rigorous, and intense training. The primary researcher spent a week as a participant observer within one of these programmes to get to know what and how, these managers are being prepared, motivated and groomed to be “part of the social and cultural structures that cut across the boundaries of the firm, nation, region and globe” (Brannen 1996) and (Sharpe 2004).

Stage II: Case firm identification, checking and follow-up

This was followed by the identification of further case firms who would fit our definition of ‘hyper growth enterprises’ in two ways. Secondary sources, such as the financial media and internet searching were scoured to find possible companies, and through networking processes: in the Middle East, successful entrepreneurs are typically well-known to one another through a range of social and family, as well as business ties, and through these, access and agreement to participate in the research process was solicited.

TABLE 1 ABOUT HERE

Of 28 businesses identified to fall within the population frame, by virtue of being high growth entrepreneurially led firms, 14 immediately agreed to participate in this exploratory study and 9 were then visited and interviewed, a number that Eisenhardt (1989) suggests is likely to be sufficient to lead to data saturation in qualitative case analysis. Descriptive data on these cases and their patterns of development are shown in Table 1. Considerable focus was placed in this study on collecting data in different stages according to principles suggested by Yin (1994), and particularly on gathered data from both secondary and primary sources, to enable data triangulation. For this reason, all the firms studied had stock exchange listings, and because of that, had to abide by at least a minimal level of public notification and audit.

Stage III: Interviews

Our interview informants are the top-level owners/board members/managers responsible for decision making, and an a-priori assessment that they were entrepreneurial managers was re-evaluated in a post-hoc independent coding process. Usually, the CEOs in each firm were included, who would clearly be driving entrepreneurial forces, but it was clear that in these firms, much of the actual entrepreneurial activity is actually pursued by others: the growth of the firms has been such that there is an entrepreneurial team as much as an entrepreneur, so it was necessary also to interview others in each team. For this reason, between two and four other driving entrepreneurial directors of the businesses were interviewed as well, to both triangulate the primary data and to provide richer insight into the firms’ management processes.

The interviews ranged from 90 minutes to 180 minutes in length, and were conducted in Arabic. The interview was structured to explore the issues and thinking of these entrepreneurs in as non-directive way as possible (Harris, 2000). In outlining the historical development of the firm, the ‘story telling’ approach of Magretta (2002) was used. The interviews were therefore extended and all used open questions that allowed for probing and discussion of issues, and probing of suggestions and ideas put forward by the interviewees. As Yin (1994) notes:

> The use of extended questioning and discussion with entrepreneurial managers with a free flow of response generates rich data and unravels the complexity and holistic nature of management issues and decision.

After an outline and an assurance of full confidentiality, the entrepreneurs were asked to describe their enactment of the entrepreneurial opportunity that they had faced and how they had exploited it. Interviewees were then asked open ended questions that first explored the primary objectives for firm, the strategic decision process, and the major obstacles and challenges faced during planning and implementation. Then the firm's overall corporate strategy for international market participation was discussed and the overall types of entry mode and technology types transferred. The overall approaches of co-operation and collaboration were then discussed before the interviewees reflected on the most important things that they had learned in their experience in beginning foreign operations.

Other questions were addressed as well. The importance of the role of knowledge of the foreign market and its intensity was investigated as an influencing factor determining the speed of entrepreneurial internalisation (Oviatt & McDougall, 2005). Interviewees were asked how network relationships affected the process of growth and international development (Tung, 2002), and about the strengths of those relationships. The network size and density was examined, and the entrepreneurs were questioned as to how accepting they were of initiatives introduced by others (Tung, 2001).

Stage IV: Archival data collection

It was considered especially essential in these entrepreneurial firms to achieve as high a degree of data triangulation of primary data sourced from interviews as possible, because of the possibility of respondent exaggeration. Secondary data included external official documents (e.g. annual reports, stock-exchange listing documents etc), internet sites (of both the firms themselves and of external bodies such as stockbrokers), written and visual media documents (e.g. newspaper reports and television programmes) and internal documents and archival data (e.g. firm histories).

Stage V: Primary data coding

Data coding involved content analysis of interview notes and secondary data with coding categories derived from streams of international business research, specifically from the international entrepreneurship and location advantage literatures outlined above that had been determined a-priori to be of likely relevance. A significant danger here is confirmatory evidence bias; this was minimised by the requirement of both source: source data triangulation (with use of different sources of interview and archival data on each) and case:case data triangulation, where evidence was sought from more than one source (Huberman and Miles, 2002; Silverman, 1993).

Stage VI: Data Analysis

Data analysis involved interpretation of the case data within paradigms of understanding that, a-priori, appeared to have relevance. The analysis here involved identification of the aspects of the international business behaviour that appeared to be adequately explained by the theoretical constructs, and identification of aspects of the business behaviour that was not. Areas of behaviour that were not well understood were collated and associated with other frameworks that appeared to have value.

Stage VII: Data recoding

Data coding at this stage involved content analysis of interview transcripts and secondary data as in stage V, with the same checks and controls. Here coding categories were derived from other streams of business research identified at stage VI, specifically from the strategic management literature outlined above. Codes were added until there was a more complete explanation and understanding of the business behaviour patterns that has been identified.

Stage VIII: Overall analysis & re-evaluation

The analysis of each firm was fed back to the founders to confirm that there had not been coder or analyst misinterpretation of the business behaviour observed. The overall assessment then involved comparison of the extent of explanation offered by the coding categories from the different research streams, and equally important, the extent of overlap between the different research streams, which provided evidence of combinatory or additive explanatory power.

There were some limitations in this study, which are an inevitable consequence of the subject of study. Gaining access to the phenomenon under study requires gaining extended access to the particular individuals who are the leaders of these firms, which is not easy. So this is a representative, not randomly selected sample of these types of firms, since these firms are relatively rare and the respondents had to have personal trust in the principle researcher for the deep access required to be available. It was also not possible within the business culture of the MENA region to record (and so transcribe) the extended discussions with the data subjects, because this would have inevitably constrained and distorted the free-ranging and open discussion required. This has limited the scope for multiple coding from the interviews, a limitation that is in large part offset by the considerable attention given to multiple source data triangulation. Finally, the conduct of the interviews in Arabic presents the inevitable risk of translation error, but here the overall danger is more limited by the relatively straightforward concepts used within the analysis, and the checking and feedback procedures that the researchers undertook.

PILOT CASE: NAGUIB SAWIRIS AND ORASCOM TELECOM

An Egyptian, Naguib was educated in a German school and Swiss university, before returning to his family's construction business as a qualified and experienced engineer. Keen to establish his own business, and to use his technical knowledge and interests, he began a new line of business supplying telephone systems and networks for businesses and hotels. He soon saw a new opportunity when a contract was offered to provide mobile telephony throughout Egypt, and was determined to beat European operators who would inevitably compete for the license. By then, he knew the political and commercial context, and contacted and organized with others within the network of his family's business relationships to create a company with the necessary technological and infrastructure skills to submit a winning bid. This won, he used the capabilities developed within this network subsequently to win and keep licenses then offered by governments in other territories (Table 2). From these entrepreneurial beginnings, Naguib declares an international his vision now:

> To become one of the world's leading telecom operators providing the best quality services to our customers, value to our shareholders and a dynamic, challenging and fun environment for our employees.

TABLE 2 ABOUT HERE

Orascom's home territory, Egypt was a pioneer country within the MENA region for privatization and liberalization, from which Naguib could develop a competence that presented opportunities and competitive advantage in other countries where liberalizing governments have since opened their infrastructures to competitive contacts. There have been host country advantages also when a new culture of entrepreneurialism has been encouraged, but Orascom has entered territories that would appear hostile to its competitors VodaPhone, Orange, AT&T. The entry modes have depended on local conditions. There were no potential local collaborators in Algeria, so Greenfield FDI was used. An acquisition opportunity was presented in Italy and joint ventures were used in most other territories.

Naguib was on the hunt for new opportunities from the very beginning, and this has never changed. The competitive bidding system, however, required technical innovation to address complex geographic challenges, and clear competitive advantage over its large international competitors. His approach included hiring and rapidly promoting young people, in a way unusual in Egyptian society, which he explained created a culture of innovation and openness to new thinking within his company. Naguib was adamant about the role of his team members, he declared that…

> Each Manager in our group is an international entrepreneur in his own right and he/she is completely responsible for his own team of entrepreneurs

Creating separate companies for each stage of the mobile telephone delivery system, helped flexibility, adaptability and responsiveness locally, while maintaining focus on his vision and the main targets this implied. The firm that constructs the towers, Mobiserve, for example, now also contracts to other parties.

So he resourced the necessary human capital and relationships for different strategic tasks. For example, he brought in Khaled Bichara by buying out Khaled's company (LINKdotNET) the largest private Internet Service Provider (ISP) in the Middle East. He appointed him not only COO of the new Italian business, Wind Telecomunicazioni, but also board member of Tellas S.A., his Greece business. This appointment has completely restructured the mobile telephony business in Italy, making it, since September 2005, the third largest operator. A former fund manager with Wharton business school and Boston Consulting Group background, Hassan Abdou, was recruited to create and head up a holding and investment company (Weather Investments II):.

Analysis

The entrepreneurial opportunity was presented very soon after the entrepreneur started in business, and there clear response here to new technology and a proactive reaction to changes. There is an entrepreneurial vision, and an entrepreneurial approach to its initial pursuit. It beat more established telecom MNEs into fast-growing telephony markets by being quicker to move and to learn, and being more oriented to collaborate with others. But the subsequent phenomenal growth of the firm can be little explained by the notions on international entrepreneurship.

Egypt's liberalization its telecoms gave massive learning advantages to Orascom, a home country advantage that it could then employ elsewhere with liberalising telephony. While government economic policies, in the main, were changing to encourage entrepreneurial activity, which was a clear attraction, there were massive institutional and infrastructural weaknesses in host locations that represented host advantages for Orascom.

Networks of relationships were fundamental. Some of these networks had been first developed in the family business. But a proactive approach to developing new networks was also evident, with new networks developed to meet the new opportunities. But in addition to the networks of business relationships that enable it to react quickly and face risks, the firm has built up a large bank of other intangible resources as well. These include capabilities of working and collaborating in otherwise hostile business environments, a system of management that fosters creative entrepreneurial behaviour with distributed responsibility and authority at all levels within the firm, and a massive attention to training and development of its managers and employees.

FINDINGS FROM THE TEN CASES

The single pilot case study showed that many of the conceptual ideas of international entrepreneurship, of location advantage and of strategic management were of relevance, but to gain an idea as to their relative importance for international growth firms in emerging economies, and how they do and do not work in these firms we now examine the concepts in nine further case firms, to achieve data saturation. The three domains of concepts are now examined in turn.

International entrepreneurship

All entrepreneurs were driven by the observation of an entrepreneurial opportunity derived from established work, knowledge and skills and their international experiences. Most have benefited from technological advances that have reduced the cost of foreign trade and investment. These have increased the speed of communication and of transportation of people and goods. They have also reduced the costs. And even though nearly all the firms were pioneers in their businesses, they were all working in industries with large and effective competitors. Competition has motivated action through its threat, more than through its actuality. For some of the companies, for example, the task was pre-emptively and rapidly to scale up the international market from a technological opportunity: if they had built only their domestic market first, large established MNE competitors would prevent their international growth. For example, CEO of Firm I explained:

> We aspire to be recognised as a company that our clients want to work with, our customers can rely on and our employees are proud to work for. A company with an open mind ready to embrace new opportunities and driven to deliver exceptional value

Three traits emerge from the cases in the ways that the entrepreneurs think, which appears to influence their decision-making. First, they are visionary, basing this on their years of experience, but where they take calculated risks in realising their dreams. It was the vision of C's CEO for an international low cost pharmaceutical firm that drove its acquisition of firms in the USA and Portugal, and it was the international experience of the CEO of firm B and his risk orientation that enabled him to see how acquiring large maritime MNEs would deliver his dream for becoming the world's premier ports operator. Experience showed firm D's CEO how to take the firm into new disciplines and territories: a risky approach, but based on a calculation about how the competition could be beaten. For example Founder of Firm J observed:

> Our focus on staff training is critical to our philosophy of offering employees development opportunities. It also maintains the competitive edge of our team. Our Company offers many training opportunities for its employees; we finance employee MBA education, and issue various training scholarships

Second, while international growth thereafter was always very fast, it always relied on deep industry knowledge. This was not only located within the entrepreneur, but also deliberately accessed and resourced through people who could fill knowledge gaps. Nearly all the firms' head-hunted new managers with *both* deep technical knowledge *and* strategic management experience in their industrial sectors, but the knowledge could come from deliberately formed business relationships. Only in firm G was there dependence only on the founder's own knowledge and qualifications. Third, networks of relationships were fundamental to the development of all the businesses. As with Orascom, these networks had been developed in previous business activity but in each case, a proactive approach to developing new networks was evident. The networks were based on family (firms F and I), political (B, D, E and H) and customer ties (C and G). As for example CEO of firm E declared that:

> The foundation of our growth has been the investment in our personnel, bringing talented and experienced individuals onboard to carry the business forward.

We can see a number of the conceptual ideas of international entrepreneurship, mainly developed in research in Europe and North America, also at work in these firms in the MENA region, so we can propose:

> *Proposition 1:* Successful International Entrepreneurs in emerging economies, will enact an entrepreneurial opportunity, be motivated by competitive forces, and by a visionary entrepreneurial perception, and base their businesses on knowledge and network resources.

Location advantage

The home country of eight of the ten case companies all presented clear home country advantages for the establishment of a new MNE, with the potential to gain competitive advantage in many territories. Just as Egypt's liberalization its telecoms gave massive learning advantages to Orascom that it could then employ elsewhere. UAE was a major port location for firm B that yielded a knowledge advantage. For firm C, Jordon offered liberal trading policies, considerable demand for low cost medicines and a stable business environment in which the capability to, and knowledge of how to operate a low cost medicines business was developed.

But the host country locations were chosen according to specific advantages within each, in a deliberate and strategic and not wholly entrepreneurially opportunistic way. We saw how Orascom Telecom expansion into new countries involved it building networks of business relationships to address them. Firm C built operations in Portugal from scratch, because that territory offered the lowest cost entry into the EU, then offering a new market opportunity. Encouraging host country regulations in many territories enabled firms E, F and I to expand production and sales operations worldwide.

In four of the firms, such as with Firm C's expansion into the USA, UK and Portugal, and Firm B's into Singapore, Hong Kong and the UK, host firm advantages of the type outlined in OLI research were clear attractions. But for as many firms (as in Orascom Telecom) the choice locations (e.g. Algeria, Afghanistan, Iraq, Pakistan, Zimbabwe) appeared to have none of these supposedly attractive features, with infrastructure deficiencies in countries like Algeria, Afghanistan, and North Korea presenting opportunities. Further, the host advantages are often personal. For firm G's founder, Qatar offered freedom: he would have been imprisoned if he had remained in his home country of Egypt. It also offered institutional competence and liberal economic policies that have enabled him to flourish since. . As for example what the CEO of Firm D stated:

> As a diversified group of establishments that maintains rigorous international standards in its many products and services we were in a unique position to capitalize on Qatar's growing global trade. Our numerous renowned international partners are proof of our international business success. Our continued operational expansion is regularly measured to ensure that pace is kept with the country's giant economic strides. Aided by our professional standards, thoroughly tested policies and with the support of over 7000 dedicated team members we shall continue to move forward in step with the major developments that are rapidly taking place at home and around the globe.

We also see a pattern for regulations requiring cooperation with local partners, often governmental, offering particular local advantage for these young entrepreneurial firms. Firm J benefited from Swiss laws that offer tax incentives to foreign developers who collaborate locally to develop new towns and tourist areas. Qatar's regulations have encouraged firms G and H to form partnerships with strong local firms that have worked to their advantage. But the absence of a particular pattern of entry mode choice remains: the entrepreneurial approach seems more opportunistic

> *Proposition 2:* Successful International Entrepreneurial firms in emerging markets exploit locational advantage in an entrepreneurial way, for example, gaining unique capabilities in their home market and entering locations with infrastructural deficiencies in host territories that they know how to overcome.

Strategic management

Overall, these entrepreneurial firms had almost nothing tangible to begin with, but they all began with two core intangible resources: their strong body of personal skills, and the people that they knew. In each firm, the core resources that they were seeking to build and exploit were human: in skills and expertise, in the networks of relationships, and in the trust held within their personal relationships. From these foundations, the firms have continued to grow to acquire other resources.

All the entrepreneurs were all highly educated and nearly all were internationally educated before they began their businesses. They display an orientation to knowledge that underpins their businesses: they invest in recruitment and in training, to an extent often not usually associated with entrepreneurial firms. As a result, these firms have high levels of technical competence compared to their global competitors, not simply in relation to their emerging markets.

> An organization where the highest calibre of business resources and professionals come together and leading my country with a world class international investment community

Human networks and relationships are not just the origins of these firms; they are the basis of their subsequent success. The networks are external; the trustful relationships are mainly internal. Firm E's founder is one of the most powerful men in Egypt and his network of friends, businessmen and policy makers act as one of the most influential resources. His appointment as head of the parliament's budget committee reflected his position as head of the ruling party. Its examination of new anti-trust regulations ensured that such regulations, which would have severely harmed his steel operations were never approved. (AlMasry AlYoum and AlFagr). Firm B's growth has benefited considerably from the close relationship between its chairman and a former US president, which helped overcome Congress objections to US ports falling into Middle Eastern hands. This clearly manifested by Founder of Firm D when he declares:

> Since my modest beginnings in 1964, we have stayed true to our purpose of delivering the finest quality services and products in whichever sector we have been involved with. We believe the success and growth of our business can be attributed to consistency in terms of standards and policies and to the efforts of our supportive local and international partners

But trustful internal relationships, reflecting the focus on human capital and skills, are important as well. For example, when Firm I disinvested its cement businesses to the world market leader, its CEO ensured that all his managers stayed to develop of a network of fertilizer production operations in the MENA region.

> *Proposition 3:* The strategic approach of successful international entrepreneurial firms from emerging markets is based on capturing and exploiting intangible resources of knowledge, skills, networks and relationships.

The pro-activity and vision of the developments pursued by these firms displays a strategic orientation on a global scale that is not normally associated with international entrepreneurship. For many, this involved the engineering of dominant industry positions. Firm B's massive acquisitions of maritime MNEs put it in a scale position to compete worldwide in the transportation industry. Similarly, firm I acquired 32 cement factories and firm and firm F acquired 22 cable factories to achieve dominant worldwide industry positions. Other moves were strategic but less dramatic. Firm C grew in the USA and Portugal specifically to develop competitive advantage for a global niche, and firm G acquired a regional market position by representing other high-tech firms in the Middle East. As clarified by CEO of Firm B:

> Our reputation for efficiency and expertise is driven by our leadership in innovation, and how we have unyielding commitment to our customers all around the world. We continue to be the force that is changing the industry of marine terminal Operations

One source of this strategic advantage is innovation, managerial and technical. Technical innovation is often important to achieve differentiation. Firm F's investment in new types of optical fibre cables, fibreglass poles and specialist cables for uses in telephony, control, instrumentation and fire resistance enabled it to escape dependence on the mature steel electric cable industry. Focused innovation in injectable pharmaceuticals with 104 new products pending FDA approval and another 133 under development has given firm C deep competitive advantage in the injectable pharma segment worldwide. For these individual elements to result in strategic advantage, however, there needs to be coherence. This was most clearly evident in Orascom Telecom, but it could also be identified within all the other case firms in one way or another, and to different degrees.

> *Proposition 4:* Successful international entrepreneurial firms from emerging markets display strategic orientations in a continuous search for new sources of competitive advantage, including managerial and technical innovation, and a coherence of activity to achieve it.

The characteristic feature of each and every one of these firms was that while the original entrepreneurial ideas grew within the head on one person, in their subsequent growth, not just the enactment of that vision, but the reinvigoration and further development of the vision and the strategies that would pursue them have taken place not by those leaders alone, but within entrepreneurial teams that those individuals have developed to lead the companies. Leadership here is not about one man operations. It is leadership by well educated, carefully selected, and meticulously trained entrepreneurial teams who share their firm's vision because they have been a part of generating it. The managers recruited and developed by the founders all seem to be very clear as to the strategic direction of the firms, and have the freedom to act on the basis of that understanding: the entrepreneurial vision is distributed rather than focused within the head of one person. As for example what CEO of firm C explained:

> Our strategy for growth is to build a strong and diverse product portfolio; to expand our geographic reach; to develop and leverage our global research and development capabilities; and to continue to maintain the very high standards of our manufacturing capabilities within the true spirit of team work that we are.

So while the entrepreneurial founders were central to the creation of the firms, most of them now claim that their firms could now continue without them. The teamwork bonds are strong and that strength is based on trust, with the members displaying considerable loyalty to the firms and to each other. This is helped by mutual interest: it is normal in these firms for managers to have shareholdings.

> *Proposition 5:* Successful international entrepreneurial firms from emerging markets distribute the leadership ability of their founders/managers through the development of entrepreneurial teams.

DISCUSSION

The background to the early development of these entrepreneurial businesses matches very well the factors that we have come to expect from ten years of international entrepreneurship research the focus of which has been to identify the characteristics of international entrepreneurs and their firms. For example, the basis of these entrepreneur's businesses is in their own personal knowledge and in the networks of relationships available for them that they develop to meet their entrepreneurial visions; their unique intangible resources, as Harris and Wheeler (2005) noted. International entrepreneurship thinking captures the early origins of these international entrepreneurs and their speed of internationalization (Oviatt and McDougall, 2005) quite sufficiently.

International entrepreneurship recognizes the role of vision, but perhaps not the scale of vision that we see in these firms. The individuals here have gone far beyond being successful international entrepreneurs, beyond smallness, becoming the leaders of major multinational corporations, They make decision choices that reflect location decision theory that has long been developed to understand multinational growth.

Further, the *process* of decision making does not seem to reflect either traditional views of 'entrepreneurial decision making', nor the international business process approaches often characterised as, either, the 'Uppsala' School (Johanson & Vahlne, 1977) or the 'born global' (Rennie, 1993). These firms do things rapidly, but strategically – with a clear vision from the beginning and coherent strategic moves to get to that vision. They are strategically organized to exploit an evident market opportunity and to do it in a way that creates a sustainable competitive advantage in many countries. None are global, nor born global, but were born with a destiny to be multinational, and rapidly became so.

So location decisions have been made from the very beginning, and location advantages have been fundamental to the success of the firms from the very beginning. Some MENA countries benefit from considerable location advantages; while others suffer from massive disadvantages. Multinational entrepreneurs move from those that don't have them to those that do, and therefore, their growth reflects those advantages. We do not normally associate these factors with the decision-making of entrepreneurial firms, for whom the presence of networks of relationships, and specific firm knowledge would be expected to be much more important. But the location advantages are seen, by the international entrepreneurs studied here, in a different way. These entrepreneurial firms see opportunities in locations with infrastructural deficiencies that they know how to overcome. Being quicker than non-entrepreneurial firms to move and to learn, and to collaborate with others, they can be faster to enter and exploit market gaps before more established firms can do so.

In spite of the effective overview that international entrepreneurship literature provides us to explain the growth of these firms into successful MNEs, it does not illuminate the leadership and strategic behaviour of these firms. But the strategic management literature that pays attention to these aspects is necessary to gain a full understanding of these firms behaviour. These firms were all working to a long-term vision in response to long-term trends in their industries, including vast changes in the geographical scope of those industries. So they are both operating internationally and acting strategically. Being focused on the means to achieve competitive advantage for a sustainable period, in developing strategies for doing that, they are strategic managers that do not reflect traditional notions of entrepreneurial behaviour, and certainly not of small business behaviour.

Their ways of strategic thinking reflect in many ways the orientations for strategic entrepreneurship outlined by Meuleman et al. (2009). Creativity and innovation lie at the root of their search for ways of gaining competitive advantage worldwide. The resource focus is clear: the development and use of a variety of unique and unreplicable resources is evident in all the firms, and these resources are in their deep knowledge and industry expertise and in the networks of relationships that are important not only for the birth and early development of the firms, but throughout. But we find that a much stronger web of internal relationships than we had expected from the strategic entrepreneurship literature (Kuratko and Audretsch, 2009). These firms do not remain one man bands for long, the founders distribute leadership to those that they trust, and they distribute it fully completely in their development of entrepreneurial teams. We this process to be intrinsic to the sustained rapid growth: the founders work with others to develop the management and leadership basis of further development.

CONCLUSIONS

International entrepreneurship and locational advantage concepts come from the repertoire of international business research. Their focus is on the firm and the firms' environments. The focus of strategic management research is the management of the firm, and the way in which the managers make decisions and carry them out. The entrepreneurs in this study behave entrepreneurially: - that is no surprise. But they also show the most strategic thinking associated with well developed multinational enterprises.

It is this study of a different form of international business that has enabled us to combine these three conceptual frameworks, tentatively, but possibly for the first time (figure 2). The conceptual linkages are clear, particularly in their common focus on entrepreneurial behaviour. But their subjects of study are and have been entirely different. International Entrepreneurship research focuses on the characteristics of the individuals and their firms. Location research focuses on the characteristics of the territories in which they work. The newer stream of strategic entrepreneurship research (Kuratko and Audretsch, 2009) a particularly relevant new growth budding from a long heritage of strategic management research that focuses on the processes of management that firms pursue.

FIGURE 2 ABOUT HERE

Overall, we conclude that strategic management matters to a degree often underestimated by international business scholars, and it matters a lot. International entrepreneurship research is now recognizing the important personal and individual characteristics that lie behind the international growth of young businesses that traditional theories failed to explain. Location is important, and as Dunning (2009) noted in his last paper, it matters more than has usually been recognised. But this international business work fails to recognise important processes, intangible resources and decision orientations that lead some individuals to create and develop major new enterprises on an international scale. These are elements that have been the preoccupation of strategic management research for many years, but where there have also been significant recent developments. Future research into international firm growth might benefit from the idea, long established in strategic management research (Pettigrew, 1992), that context, process and action are inextricably linked. These aspects have separately been studied in international business research. Perhaps the time has come to put them together.

We have also found something else: in the process of distributed entrepreneurial leadership that the founders enact from the early days of their firms. It is here that the roots of the successful development of these firms from the realms of international entrepreneurs to being the architects of hyper-growth multinational enterprises may well lie. The strategic leadership roles that are so important for the identification of strategic opportunity, the development of coherent strategies and their enactment through action that the pace of development cannot be maintained without undue pressure on a single person, in these hyper-growth firms this role is adopted and enacted by entrepreneurial teams.

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Stage I:	Pilot Firm Ethnographical study	Firm Identification from secondary sources; Interviews of CEO, managers and employees from within pilot firm. Participant observation within training programme; Textual analysis of company documents and triangulation with secondary sources.
Stage II:	Case firm identification, checking and follow-up	Firm Identification from secondary sources Checking of fit to sample frame through secondary sources; Identification of 14 further entrepreneurial leaders and soliciting of interviews
Stage III:	Interviews	100-350 minute interviews of 9 entrepreneurial leaders at their firm headquarters, and between 2 and 4 of each firm's managers
Stage IV:	Archival data collection	Public and, where available, private data archives retrieved and searched to achieve data triangulation
Stage V:	Primary Data coding	Coding of all data against coding categories from the International Entrepreneurship and OLI frameworks
Stage VI:	Analysis	Analysis of adequacy of explanation and observation of gaps
Stage VII:	Data recoding	Recoding of data against coding categories from the additional research frameworks, Focus on concepts developed at firm/manager level, such as strategic management
Stage VIII:	Overall analysis & re-evaluation	Analysis of adequacy of explanation and observation of gaps

Figure 1: The research design

Table 1: The case firms – descriptive data.

Case	International from:	Home country	Industry	Revenue $bn	% non-domestic (est.)	Main Markets
Pilot Case: Orascom	1998	Egypt	Telecoms	$ 4.7bn	77%	Egypt Algeria Tunisia Pakistan Bangladesh, sub-Saharan Africa, Jordan, Iraq, Syria, Italy Greece, N. Korea
Firm B	2005	UAE	Ports etc	$11.2bn	83%	UAE, India, Malaysia, Singapore, Korea, Hong-Kong, UK, Australia, Ireland, Norway, Egypt, other North Africa
Firm C	1992	Jordan	Pharmaceutical	$ 2.3bn	90%	MENA region, USA, whole EU, Australia
Firm D	1998	Qatar	Various	$ 2.0bn	60%	Qatar UAE, Egypt, Algeria, India, Malaysia, Singapore, UK, USA, Australia
Firm E	1998	Egypt	Steel	$ 3.8bn	64%	MENA region, whole East Europe, sub-Saharan Africa,
Firm F	2000	Egypt	Cables	$ 2.2bn	68%	MENA region, whole East Europe, sub-Saharan Africa, UK, France
Firm G	2005	Qatar	Energy services	$ 0.8bn	100%	MENA region, whole East Europe, sub-Saharan Africa,
Firm H	2000	Qatar	Constr-uction	$ 2.2bn	100%	MENA region, sub-Saharan Africa,
Firm I	2000	Egypt	Cement & Constr'n	$ 2.4bn	85%	MENA region, USA, whole EU, East Europe, sub-Saharan Africa, South-east Asia, Australia
Firm J	2001	Egypt	Urban develpm't	$ 3.6bn	80%	MENA region, Switzerland

Table 2: The global development of Orascom Telecom Holding

Year	Development
Sept. 1998	Company Founded for Egyptian Market
Sept. 1999	Acquires 65% of Fastlink, Jordan.
April 2000	Acquires 38.6% of Mobilink, Pakistan.
May 2000	Acquires 80% of Telecel, Zimbabwe, Cote d'Ivoire, Benin, Gabon, Chad, Burundi, Togo, CAR, Zambia, Congo Brazzaville, Burkina Faso, DRC and Uganda.
July 2000	Capital increase and listing at Cairo, & Alexandria & London Exchanges
Sept. 2000	New license, Sabafon, won in Yemen.
Nov. 2000	Telecel's acquires new GSM 900 license in Niger.
Jan. 2001	Acquires Motorola stake in Fastlink (Jordan), Mobinil (Egypt), & Mobilink (Pakistan), and increased its stake in Fastlink to 92%, Mobinil to 31%, & Mobilink to 69%.
Feb. 2001	New license, SyriaTel, won in Syria.
July 2001	Won Algerian license to run the second GSM network Djezzy GSM, Algeria.
Feb. 2002	Djezzy (Algerian network) goes live, wins 350,000 subscribers and 70% market share
March 2002	OT led consortium wins 2nd GSM License in Tunisia for US$ 454 million.
Oct. 2002	Naguib Sawiris (Chairman) becomes CEO of GSM Association CEO Board (Turkey)
Dec. 2002	Launch of Tunisiana, the 2nd GSM operator in Tunisia.
Oct. 2003	OTH (Iraqna) wins bid to operate GSM license for Iraq's Central Region & Baghdad.
Sept. 2004	Acquires 100 % of GSM operator in Bangladesh
March 2005	In an Egyptian consortium OTH wins 15-year license for fixed line network in Algeria.
Dec. 2005	Acquires 19.3% interest in Hutchison Telecom from HWL.
May 2006	Forms joint venture (Orascom Telecom WiMAX) with Intel Capital (VC arm of Intel Corp) for a new WiMAX (Wireless Interoperability for Microwave Access) investment.
Dec. 2006	Forms new holding company Weather Investments II to own OTH, Weather I (Wind (Italy) and Tallas (Greece))
Nov. 2008	Acquires investment in N. Korea and forms Joint Venture. First IJV in country.

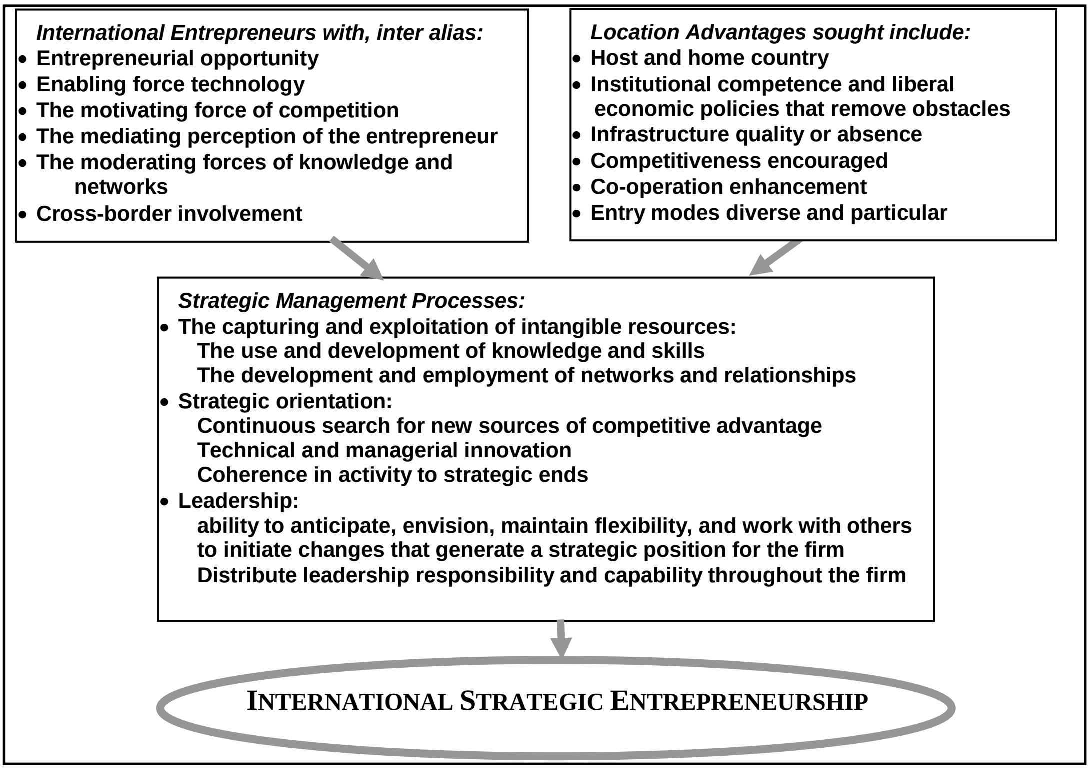

Figure 1: A framework for international strategic entrepreneurship